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Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 DODE-00 PM-05
H-01 L-03 NSC-05 PA-01 SS-15 CEA-01 STR-07 /113 W
----------015524 041147Z /45
R 040658Z MAY 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 7651
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMCONSUL HONG KONG
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY PARIS
USLO PEKING
AMEMBASSY SINGAPORE
AMEMBASSY VIENTIANE

C O N F I D E N T I A L TOKYO 08035

USOECD

E.O. 11652: GDS
TAGS: EFIN, EAID, ETRD, JA, VN
SUBJECT: JAPAN, VIETNAM, EXCHANGE NOTES ON GRANT AID
. AND ON DEBT REPAYMENT

REF: (A) TOKYO 5939, (B) TOKYO 391

1. SUMMARY: JAPANESE - VIETNAMESE AGREEMENTS SIGNED IN HANOI APRIL 28 BEGIN IMPLEMENTATION OF GENERAL UNDERSTANDING EMBRACING JAPANESE LOAN AND GRANT AID TO VIETNAM AS WELL AS VIETNAMESE REPAYMENT OF DEBTS OWED BY FORMER SAIGON REGIME. JAPANESE FOREIGN MINISTRY CONCLUDES WAY NOW CLEARED FOR DEVELOPMENT CONFIDENTIAL

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OF CLOSER JAPAN-VIETNAM RELATIONS. END SUMMARY.

2. MOFA HAS ANNOUNCED THAT ON APRIL 28 IN HANOI FOREIGN MINISTRY TRINH AND AMBASSADOR HASEGAWA EXCHANGED NOTES CONFIRMING AGREEMENTS ON A JAPANESE GRANT TO VIETNAM AND ON VIETNAMESE REPAYMENT OF FORMER SAIGON REGIME'S DEBTS TO JAPANESE OFFICIAL AGENCIES.

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3. REPAYMENT COMMITS VIETNAMESE SIDE TO REPAY LOAN PRINCIPAL OF 15.5 BILLION YEN (INCLUDING NOT ONLY 7.5 BILLION YEN FOR PROJECT LOANS BUT ALSO 8 BILLION YEN FOR LOANS TO BUY COMMODITIES WHICH MAY HAVE BEEN EXHAUSTED BEFORE THE FALL OF SAIGON), PLUS ACCRUED INTEREST, TO JAPAN'S EXIM BANK AND OVERSEAS ECONOMIC COOPERATION FUND. REPAYMENT WILL BE APPROXIMATELY ACCORDING TO ORIGINAL SCHEDULE UNDERTAKEN BY SAIGON (REF B) WITH SOME ADJUSTMENT TO INCLUDE PENALTY CHARGES.

4. GRANT WILL BE FROM FISCAL 1978 BUDGET AND IS FOR 4 BILLION YEN AS INDICATED REF A. IT IS TO BE USED FOR GOODS SUCH AS TEXTILES AND PESTICIDES.

5. MOFA OFFICIAL NOTES EXCHANGE OF NOTES ON FIRST LOAN UNDER GENERAL UNDERSTANDING (REF A) IS UNLIKELY TO BE COMPLETED FOR THREE TO FOUR MONTHS. VIETNAMESE HAVE YET TO MAKE SPECIFIC PROJECT OR COMMODITY REQUEST AND FEASIBILITY STUDY WILL HAVE TO BE MADE ON ANY PROPOSED PROJECT BEFORE JAPANESE WILL OFFICIALLY COMMIT FUNDS.

6. MOFA OFFICIAL NOTES THAT CURRENT AGREEMENTS ARE EXPECTED TO LEAD TO FAVORABLE DEVELOPMENTS WHICH HAVE CONFIDENTIAL

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BEEN DELAYED PENDING RESOLUTION OF DEBT ISSUE. VIETNAMESE NOW HAVE ACCEPTED IN PRINCIPLE JAPANESE INVITATION FOR VICE-MINISTER LEVEL OFFICIAL TO VISIT VIETNAM; THE INVITATION HAD BEEN PENDING SINCE THE THEN VICE MINISTER ARITA'S VISIT TO VIETNAM IN 1976. VIETNAMESE INVITATION TO KEIDANREN MISSION, WHICH HAD BEEN IN ABEYANCE DURING RECENT DEBT NEGOTIATIONS, HAS BEEN RENEWED AND NO LONGER IS SPIKED WITH ARLIER DEMAND THAT MISSION REACH DECISION ON SPOT TO BUY SIGNIFICANT QUANTITY VIETNAMESE GOODS.

7. MOFA BELIEVES ALSO THAT AGREEMENT SHOULD NOT DISTURB ASEAN, ALL MEMBERS OF WHICH HAVE BEEN SQUARED IN ADVANCE WITH GENEROUS CREDITS EXTENDED EITHER DURING OR SHORTLY AFTER PRIME MINISTER'S SOUTHEAST ASIAN TOUR LAST YEAR.

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NNN

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